

AR08

PROSPECTUS

DEC 1 1960

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OF

MOUNT PLEASANT MINES LIMITED

SEPTEMBER 5, 1960

MOUNT PLEASANT MINES LIMITED

PROSPECTUS

DATED SEPTEMBER 5TH, 1960.

- (a) The full name of the Company is MOUNT PLEASANT MINES LIMITED, and the address of the Head Office is 35 Lambton Road, Ottawa, in the Province of Ontario.
- (b) The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated April 8th, 1959. Supplementary Letters Patent, increasing the aggregate consideration for which the no par value common shares may be issued from \$500,000.00 to \$1,900,000.00 (the total authorized capital thereby being increased from \$600,000.00 to \$2,000,000.00), have been given a date of October 5th, 1960.
- (c) The officers, directors and promoters, together with their present occupations and home addresses are as follows:

OFFICERS

| | | |
|---------------------|---------------------------|---------------------------------------|
| President..... | Nickolas Axiotis..... | 1049 Kenmore Avenue, Warren, Ohio. |
| Vice-President..... | Theodore M. Keriotis..... | 1914 Larchmont N.E. Warren, Ohio. |
| Secretary..... | William Lee Young..... | 35 Lambton Road, Ottawa, Ontario. |

DIRECTORS

| | | |
|-----------------------------|-------------------------|---------------------------------------|
| John Evans Riddell..... | Geologist..... | R.R. #1, Aylmer, Quebec. |
| William Lee Young..... | Geologist..... | 35 Lambton Road, Ottawa, Ontario. |
| Nickolas Axiotis..... | General Contractor..... | 1049 Kenmore Avenue, Warren, Ohio. |
| Theodore M. Keriotis..... | Contractor..... | 1914 Larchmont N.E. Warren, Ohio. |
| Marion Elizabeth Young..... | Housewife..... | 35 Lambton Road, Ottawa, Ontario. |

PROMOTER

| | | |
|-----------------------|-------------------------|---------------------------------------|
| Nickolas Axiotis..... | General Contractor..... | 1049 Kenmore Avenue, Warren, Ohio. |
|-----------------------|-------------------------|---------------------------------------|

- (d) The name and address of the auditors is as follows:
Arthur A. Crawley & Co., Chartered Accountants, 387 Albert Street, Ottawa, Ontario.
- (e) The name and address of the Transfer Agent is as follows:
Toronto General Trusts Corporation, 253 Bay Street, Toronto 1, Ontario.
- (f) The share capital authorized is as follows: \$600,000.00 divided into 200,000 5% non-cumulative, redeemable preference shares of a par value of \$0.50 each and 5,000,000 no par value common shares not to be issued for an aggregate consideration in excess of \$500,000.00. The number of shares issued and outstanding at the date hereof are 884,005 common shares. These are fully paid and non-assessable. Supplementary Letters Patent, increasing the authorized aggregate consideration, are referred to in Paragraph (b) above.
- (g) There are no bonds or debentures outstanding or proposed to be issued.
- (h) The number of shares held in escrow is 795,600; the name of the Trustee is Toronto General Trusts Corporation, 253 Bay Street, Toronto 1, These shares are subject to conditions whereby they are to remain in escrow until released therefrom upon the written consent of the Ontario Securities Commission and the Board of Directors of the Company, and while remaining in such escrow, to be transferred, assigned or otherwise dealt with only upon the written consent of the Ontario Securities Commission.
- (i) The following shares of the Company have been sold for cash to date to the directors as further disclosed in Paragraph (n) hereof:

| No. of Shares Sold | Price Per Share | Total Cash Received |
|--------------------|-----------------|---------------------|
| 5 common | \$0.10 | \$0.50 |
| 9,100 preferred | \$0.50 | \$4,550.00 |

No commission was paid or is payable on the sale of any of the aforesaid shares.

- (j) Shares other than those referred to in Paragraph (i) hereof have been sold for cash to date as follows: preferred 52,502 shares for \$26,251.00 cash; common 114,750 shares for \$19,792.77 cash.
- (k) No shares have been issued or are to be issued and no cash has been paid or is to be paid by the Company to any promoter as such.

- (l) The Company is the owner of two blocks of unpatented mining claims totalling 100 claims, in the Township of Charlotte County, New Brunswick, 28 miles northeast of St. Stephen, New Brunswick, latitude 45° 26' N., longitude 66° 48' W., The first group comprises 80 unpatented mining claims being Nos. Licence 5153, 155951 to 155960 each inclusive; licence 9913, 156831 to 156840 each inclusive; licence 9914, 156841 to 156850 each inclusive; licence 9915, 156851 to 156860 each inclusive; licence 9916, 156861 to 156870 each inclusive; licence 9917, 156871 to 156880 each inclusive; licence 9918, 156881 to 156890 each inclusive; licence 9919, 156891 to 156900 each inclusive; this group of 80 claims is presently the subject matter of an agreement between the Company and Kennco Explorations (Canada) Limited. Further reference is made to this Agreement in Paragraph (q) below.

A second group of 20 unpatented mining claims in the Township of Charlotte County, New Brunswick, at the same general location as those claims referred to above, have been staked on behalf of the Company, being Nos. Licence 164291-164300, each inclusive; 164411-164420 each inclusive. This latter group of claims, being staked on behalf of the Company, were not acquired for any consideration other than the cost of staking them for \$422.87.

- (ii) The names and addresses of the Vendors of the 80 claim group, together with the consideration paid or intended to be paid to each Vendor and the property acquired from each is as follows:

| <i>Vendor</i> | <i>Address</i> | <i>Consideration Paid to each Vendor</i> | <i>Property Acquired from each Vendor</i> |
|-------------------------|---|--|--|
| John Evans Riddell..... | R.R. #1,..... Aylmer, Que. | 221,000 common shs..... & \$400.00 cash. | licence 5153, 155951 to 155- 960, each inclusive; licence 9913, 156,831 to 156840, each inclusive; licence 9914, 156841 to 156850, each in- clusive; licence 9915, 156851 to 156860, each inclusive. |
| William Lee Young..... | 35 Lambton Road,..... Ottawa, Ontario. | 221,000 common shs..... & \$400.00 cash. | licence 9916, 156861 to 156- 870, each inclusive; licence 9917, 156871 to 156880, each inclusive. |
| Nickolas Axiotis..... | 1049 Kenmore St.,..... Warren, Ohio. | 221,000 commons shs..... & \$400.00 cash. | licence 9918, 156881 to 156- 890, each inclusive. |
| Fred Scopacasa..... | 214 Atlantic St.,..... Warren, Ohio. | 221,000 common shs..... & \$400.00 cash. | licence 9919, 156891 to 156- 900, each inclusive. |

(iii) No person or persons have received or are to receive from any Vendor a greater than 5% interest in the shares or other consideration received or to be received by any of the Vendors with the exception that one of the Vendors, Fred Scopacasa has sold 198,900 of the common shares received by him in three equal blocks of 66,300 shares each, to the other three Vendors.

- (m) On account of the accessibility, location, extent and condition of the property including any surface and underground exploration and development, the known history of the properties and a description of any work done and improvements made by the present management, is contained in, and reference is hereby made to the report of 31st August, 1960 by N.B. Gillies, Ph.D., which accompanies and forms part of this Prospectus. The Company has no surface or underground plant and equipment.
- (n) The Company is offering its shares through the medium of registered security dealers and is paying such dealers a commission not exceeding 25%. With the exception of the commission, herein mentioned, all of the proceeds from the sale of any offering will go into the Treasury of the Company. The shares of the Company will not be sold at prices which will net the Treasury less than \$0.10 per share. The holders of the preference shares, have with respect to each share held by them, the right to subscribe for ten common shares at a price not to exceed \$0.10 per common share, such right to expire two years after the first issue of the preference shares to which the right attaches. At this time 25,000 common shares of Treasury stock are under option @ \$0.20 per share to Adam McBride of 2135 Avenue Road, Toronto, Ontario, the said option to expire the 31st day of December, 1961 or at such earlier date as the directors in their discretion may decide. Adam McBride, should he exercise his option, intends to hold the shares as an investment.
- (o) The proceeds of this offering will be used to pay for stripping and trenching to be done in the vicinity of the known occurrences of mineralization on the Company's property and for diamond drilling of the zones, and also will be used to pay the accounts payable and accrued liabilities shown on the balance sheet referred to in paragraph (q) below, to satisfy the commitments of the Company, pursuant to the Agreement with Kennco Explorations, (Canada) Limited (further reference to this Agreement is made in paragraph (q) below), and for operating expenses.
- (p) Preliminary administrative expenses incurred by the Company as at July 31st, 1960 amount to \$5,543.73 and are shown capitalized on the balance sheet of that date annexed hereto. It is estimated that in the next year the Company will incur administrative expenses of \$5,000.00 and development expenses of \$40,000.00.
- (q) An Agreement dated May 25th, 1960 has been entered into by the Company with Kennco Explorations, (Canada) Limited with respect to the 80 claim group referred to in Paragraph (1) (i) above. It contains the following principal commitments:

- (i) The Company is to diligently conduct a work program on the mining claims consisting of bulldozer trenching, diamond drilling and assaying at a cost not to exceed \$15,000.00. Kennco agrees to contribute half of the cost of such program up to a maximum of \$7,500.00. The work is to be completed as soon as may be practicable.
- (ii) Kennco has the right until the expiration of two weeks following the completion of the work referred to above to notify the Company that it wishes to continue to participate in the work program and if this is done Kennco agrees to provide \$32,500.00 in additional funds and the Company agrees to contribute an additional \$12,500.00 and the work program shall be continued to and including November 30th, 1961.
- (iii) If Kennco gives the notice referred to in the preceding paragraph then it shall have the exclusive option to incorporate a Company with respect to which the Company shall have the right to receive 30% of such portion on the capital stock of the new Company as Kennco may see fit to cause to be issued in consideration of the transfer of the mining claims to the new Company and 30% of all further shares and/or securities. In the event of Kennco having seen fit to expend \$1,500,000.00, the parties agree that then they will cause the new Company to offer any share capital being issued pro rata to all existing shareholders, provided however that the new Company shall be permitted to make financing arrangements with others for the sale of securities and that such securities may carry rights of conversion into or subscriptions for stock of the new Company.
- (iv) Each of the parties gives to the other a right of first refusal during 30 days after notice with respect to the sale of any part of the shares of the new Company issued to it, pursuant to the Agreement.
- (v) No indebtedness is to be created or assumed by the Company, other than commitments contained in the Agreement referred to above and other than commitments in the ordinary course of the Company's business, which is not shown in the balance sheet of the Company as at July 31st, 1960, accompanying and forming part of this Prospectus.
- (r) (i) The following are the particulars with regard to the principal business in which each director and officer of the Company has been engaged during the past three years:

William Lee Young.....consulting geologist for the past three years;

John Evans Riddell.....consulting geologist for the past three years;

Nickolas Axiotis.....during 1958 and 1959 to date contractor with the Big "A" Construction Company; previous two years manager Big "A" Supermarket, all in Warren, Ohio.

Theodore M. Keriotis.....during 1958 and 1959 distributor of petroleum products; January 1st, 1960 to date restaurant executive and contractor;

Marion Elizabeth Young....housewife during the past three years.

- (ii) The nature and extent of the interest, direct or indirect, which any Director or Officer of the Company, whether personally or as a partner in a firm, has ever had in any property acquired or to be acquired by the Company is set forth under the columnar heading "Property Acquired from each Vendor" contained under paragraph (1) (ii) above.
- (iii) The Company has not paid any remuneration to its directors or to its officers as such since incorporation and does not propose to pay any such remuneration during the current financial year. Management fees have been paid to Dr. Young and Dr. Riddell, two directors of the Company at the rate of 5% to each of the amount of Company disbursements, and consulting fees of \$775.00 (including travel) from incorporation to July 31, 1960, have also been paid to Dr. Young.
- (s) No dividends have been paid by the Company.
- (t) To the knowledge of the Company, there are no persons who, by reason of beneficial ownership of securities of the Company or any agreement in writing, are in a position to elect or are entitled to elect or cause to be elected a majority of the directors of the Company, other than the vendors referred to in paragraph (1) (ii).
- (u) There is no arrangement for the sale of vendors shares. The holders of free vendor shares, and shares previously sold for cash, however, may sell such shares together with any further vendor shares which may be released from escrow in which event any proceeds derived therefrom will not accrue to the Treasury of the Company.

There are no other material facts not disclosed in the foregoing.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of the Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

DATED at Ottawa, this 5th day of September, 1960.

DIRECTORS

(Signed) William Lee Young

(Signed) Nickolas Axiotis

(Signed) John Evans Riddell

(Signed) Theodore M. Keriotis

(Signed) Marion Elizabeth Young

PROMOTER

(Signed) Nickolas Axiotis

THE TIN-TUNGSTEN-MOLYBDENUM-ZINC PROSPECT, OF MOUNT PLEASANT MINES LIMITED

INTRODUCTION

LOCATION AND ACCESS

The property is located about 28 miles northeast of St. Stephen, New Brunswick, in Charlotte County, at latitude $45^{\circ} 26' N$, longitude $66^{\circ} 49' W$. Mount Pleasant Fire Tower is centrally located on the claims, and there is a road to it via Rolling Dam and Pomeroy Bridge. The last seven miles are passable for ordinary vehicles only during the dry summer months.

SIZE AND OWNERSHIP

The property consists of a block of 100 claims containing around 4000 acres. The original group of 80 claims was expanded westwards this year, by the staking of 20 adjacent claims.¹

Mount Pleasant Mines Limited, of Ottawa, Ontario, hold the mineral rights on the group, but the transfers have not yet been recorded at the Department of Mines in Fredericton.

EXTENT AND PURPOSE OF THE EXAMINATION

The writer was asked by Dr. W. L. Young, Secretary of Mount Pleasant Mines Limited, to examine and assess the property in relation to the work recently completed and in progress.

Drill logs, assay records, reports, and maps pertaining to the work, were obtained from the Company and examined. The property was visited on the 11th of August, when the drill sites and some of the drill cores were viewed. Clearing of the sites has made available exposures and talus not seen during a previous visit.²

HISTORY OF THE PROPERTY

A group known as Geochemical Associates staked the property in 1954, and optioned it to the Selco Exploration Company Limited, then to Kennco Explorations (Canada) Ltd. These companies did geological geochemical and geophysical surveys, some trenching, and drilled short holes. The claims were returned to the stakers who allowed them to revert to the Crown in 1958.

A new group staked them in 1959 and formed Mount Pleasant Mines Limited to further their exploration. The recent discovery that tin molybdenum tungsten and bismuth occur in the mineralization on the property has caused renewed interest.

RECENT WORK

The geology of the 80 claim group has been mapped, and an induced polarization survey made of a limited area.

Drilling was started in April of this year, and when the present program is completed in October, a total of about 13000 feet will have been drilled.

TOPOGRAPHY

Mount Pleasant is almost entirely within the property. It is a crude ellipsoidal shaped hill in plan, measuring some 2 by 1.5 miles near its base, with the long axis oriented north.³ The maximum elevation is 1175 feet above sea level at the base of the Fire Tower. This is 600-800 feet above the surrounding lowlands.

GLACIATION

The area was glaciated during the Pleistocene. Striae in the region and the orientation of Mount Pleasant, show that the ice moved from a north to $N 10^{\circ} W$. direction.⁴

Talus is abundant on the mountain near its crest, but it gives way to increasing thicknesses of moraine near its base. There are few exposures, though the overburden is seldom thick on and near the top, and much of the talus is almost in place.

REGIONAL GEOLOGY

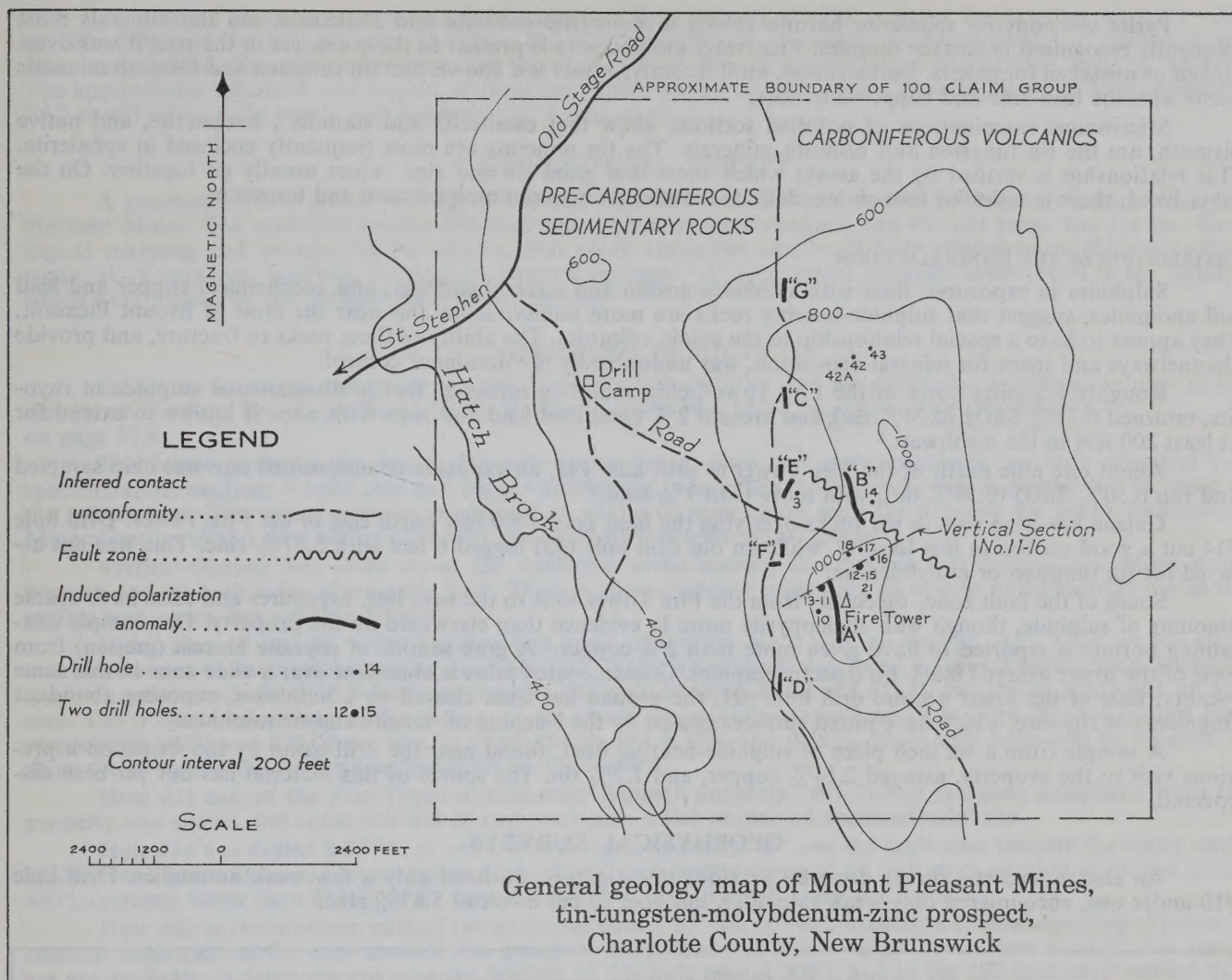
The region is underlain by Carboniferous and pre-Carboniferous sedimentary rocks with which there are minor amounts of extrusive volcanics. They are part of a large geosyncline which extends in a northeasterly direction, across the south central part of New Brunswick.⁴

Granitic to syenitic and gabbroic intrusives of pre- to possibly post-Carboniferous age are present around, but not in the central part of the geosyncline.

GEOLOGY OF THE PROPERTY

ROCKS

A north trending contact is inferred to cross the property in the vicinity of the base line. It may be an unconformity between pre-Carboniferous (Ordovician?) sedimentary rocks on the west, and overlying Carboniferous acidic volcanics and sedimentary rocks to the east.⁵ In the area south of the property there are granitic rocks which intrude the pre-Carboniferous sediments.



The pre-Carboniferous rocks are slates grits greywackes and feldspathic tuffs. The Carboniferous series consists of dull grey to white, fine to medium grained, rhyolitic quartz-feldspar porphyries, rhyolites, and rhyolitic breccias, along with some tuffs agglomerates shales and quartzites. There is contention as to the intrusive or extrusive nature of the rhyolites. Thin sections suggest that some can be altered (silicified) sedimentary rocks. Fluorite is a prominent constituent in many, while topaz is present along with white mica, but it has only been recognised in thin sections. This assemblage known as greisen is a world wide associate of tin deposits.

Widespread moraine and talus has hindered geological investigation: while rock correlation has so far met with only slight success, owing to the absence of distinctive rock horizons. This is probably in part the result of alteration which can transgress and obliterate original structures. However, certain breccias or fragmentals intersected in the drilling, suggest a dip of 40-60° east, in the vicinity of the Fire Tower. Northwest of here mapping indicates interfingered light and dark rhyolites which strike northwest.⁶ This attitude may be the result of local folding in the vicinity of the fault zone. Silicification could explain the presence of contrasting light and dark coloured "rhyolites". (See General Geology Map). The configuration of the mountain suggests an overall northerly strike and easterly dip.

FAULTING

Diamond drill hole #14 intersected a fault zone beneath the valley north of the Fire Tower. Topography suggests that it strikes in a northwesterly direction.

Holes #42 and 42A both encountered sections of lost core caused by gouge, schists or possibly leached-out sulphides in a fault.

The angular nature of much of the talus, and the widespread but scattered veinlets of sulphide in the rocks of the mountain, suggest that faults are numerous, and of considerable economic importance.

MINERALIZATION

Sulphides have so far only been seen on the surface as scattered veinlets and disseminations, though in the drill cores a few massive but narrow veins have been found. Fluorite and quartz are the most abundant gangue minerals. Grains of fluorite along with topaz and white mica occur in some of the silicified rocks, that are associated with or contain sulphides. This assemblage is characteristic of the alteration occurring with tin deposits in other parts of the world.

Pyrite chalcopyrite sphalerite bornite galena arsenopyrite covellite and chalcocite, are the minerals most frequently recognised in surface samples. Fine scaly molybdenite is present in the cores, yet in the past it was overlooked or mistaken for galena. Furthermore, until recently, it was not known that tin tungsten and bismuth minerals occur with the lead-zinc-and copper-sulphides.

Microscope examinations of polished sections, show that cassiterite and stannite⁷, huebnerite, and native bismuth, are the tin tungsten and bismuth minerals. The tin minerals are most frequently enclosed in sphalerite. This relationship is verified by the assays which show that good tin and zinc values usually go together. On the other hand, there is a similar though less definite correlation between molybdenum and tungsten.

DISTRIBUTION OF THE MINERALIZATION

Sulphides in exposures, float with sulphides gossan and leached surfaces, and geochemical copper and lead soil anomalies, suggest that sulphide-bearing rocks are more numerous on and near the crest of Mount Pleasant. They appear to have a spacial relationship to the acidic volcanics. The ability of these rocks to fracture, and provide channelways and space for mineral deposition, was undoubtedly the dominant control.

Roughly 1.2 miles north of the Fire Tower, chip sampling across 27 feet of disseminated sulphide in rhyolite, returned 0.31% SnO₂ (0.24% tin), and around 2% combined lead and zinc. This zone is known to extend for at least 200 feet to the northwest.⁸

About one mile north of the Fire Tower at drill hole #42, an exposure of unspecified size was chip sampled and ran 0.50% SnO₂ (0.39% tin), with more than 1% lead.⁸

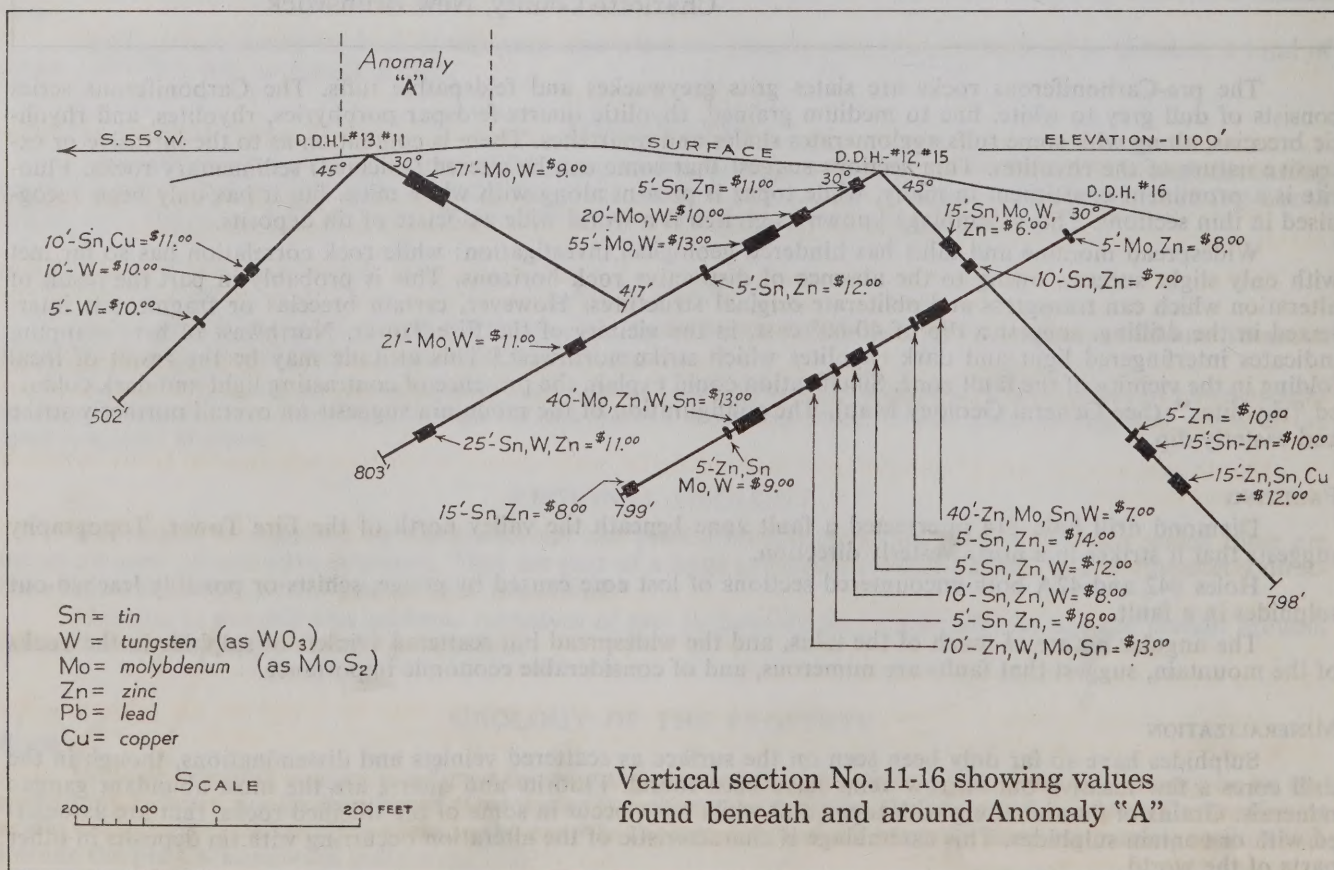
Galena has been seen in the rocks overlying the fault zone 1400 feet north east of the Fire Tower. Drill hole #14 cut a good section in this locality, while an old drill hole (#3) logged 6 feet with 5.87% zinc. This was not assayed for tin tungsten or molybdenum.

South of the fault zone, especially from the Fire Tower west to the base line, exposures and talus have sparse amounts of sulphide, though with chalcopyrite more in evidence than elsewhere on the property. One sample containing bornite is reported to have given more than 2% copper.⁹ A grab sample of rhyolite breccia (greisen) from west of the tower assayed 0.3% tin (spectrographic). Gossan coated talus is abundant over a wide zone in this same locality. East of the tower around drill hole #21, the ground has been cleared by a bulldozer, exposing abundant fragments of rhyolite, which have pitted surfaces caused by the leaching of fluorite and/or sulphides.

A sample from a six inch piece of sulphide-bearing float, found near the drill camp by the writer on a previous visit to the property, assayed 2.14% copper, and 1.2% tin. The source of this material has not yet been discovered.

GEOPHYSICAL SURVEYS

An electromagnetic survey done by previous investigators, outlined only a few weak anomalies. Drill hole #10 under one, encountered only weak sulphides, but hole #3 cut 6 feet of 5.87% zinc.



An induced polarization and resistivity survey made at the end of 1959, covered the base line from 24+00S to 120+00S, and the area between 72+00S -104+00S and 00+00 -30+00E. Seven anomalies of various intensities were defined. The conductive zones are reported to lie at various depths, from near surface down to 500 feet. The approximate locations and lengths of these are shown on the accompanying General Geology Map. Anomaly "A" is still open to the south, and anomaly "B" to the north.

GEOCHEMICAL SURVEY

A geochemical soil survey for copper lead and zinc was made of the property by the predecessors of Mount Pleasant Mines. The extensive copper and lead soil anomalies were revalued and the old pulps run for tin. Geological mapping and prospecting has shown, that some anomalies can be directly related to sulphide-bearing rocks, at or near their northern extremities. Around anomaly "A" they reflect sulphide zones found in the drilling, which were missed by the induced polarization survey.

DRILLING RESULTS

Drill hole locations are shown on the General Geology Map and the drill holes completed to date in the vicinity of the Fire Tower are illustrated in Vertical Section No. 11-16, accompanying this report. on page 17A.

The values given on the section are only approximate, since they were calculated on both chemical and spectrographic analyses.¹⁰ Lead zinc and copper amounting to less than 0.50% each, were in general not included in the calculations. The values must be considered as guides to exploration until the deposits are better understood. Mineralization of this type will require bulk sampling to prove the actual grade.

Vertical Section No. 11-16 shows the numerous metal-bearing intersections and their values, which occur beneath and on both sides of anomaly "A". There is some evidence suggesting an east to north-easterly dip of the mineralized zones, but nothing definite.

Holes Nos. 17 and 18, a few hundred feet north of Section No. 11-16, go west at -45°. They are too short and too far east to have reached under anomaly "A", if the latter bends northwest as shown on the map. However they cut numerous individual 5 foot core lengths, assaying between \$9.00 and \$14.00 per ton in combined tin and zinc. The other metals found in the section to the south, occur only in small amounts. Two 20 foot lengths gave respectively \$9.00 and \$20.00 per ton, in which the tin ran 0.37% and 0.48%. More drill holes will be required to show the structure and ore-making potential of this locality.

Hole #21 east of the Fire Tower should reach beneath anomaly "A". It had not been completed when the property was visited, but some 300 feet of core were seen which contained scattered sulphides.

Hole #14 was drilled S 55°W. at -45°, to investigate anomaly "B" and the fault zone beneath the valley north of the Fire Tower. It has a few moderate grade 5 foot core intersections of tin and zinc: another of 10 feet (450'-460') averaged better than \$35.00 in tin tungsten zinc and lead. The tin alone ran 0.6%.¹¹

Hole #42 in the northern part of the property, goes S 55° W. at -45°, beneath a sulphide-bearing rhyolite. A random inspection of the core showed fine powdery molybdenite in a few "slips" or narrow veinlets. No assays are yet available. A fault was cut near the bottom of this hole (about 500'), and in the 100 foot deep vertical hole 42A.

CONCLUSIONS

1. Sulphides are widespread in the rhyolitic and silicified rocks underlying Mount Pleasant. Greisen, an alteration usually associated with tin deposits is present.
2. The distribution and emplacement of the sulphides and associated minerals is related to fault movements, which caused fracturing and brecciation of the brittle rocks, forming channelways for mineralizing fluids.
3. Drilling has shown that there are numerous mineralized zones of unknown shapes sizes and attitudes. These have economic potential in the combined values, of tin tungsten molybdenum zinc copper and lead. Fluorite and bismuth are other constituents that may have some value.
4. Mineralization of unknown extent has been found beneath anomalies "A" and "B" while unheralded zones were found on both sides of the former. Neither of the anomalies have been fully explored, and five more have still to be investigated.
5. The tin minerals are intimately associated with sphalerite, while there is a less rigid relationship between molybdenum and tungsten.
6. Good copper and tin values in a piece of float found near the drill camp, suggests the presence of economic mineralization in the northwestern part of the property.
7. Methods of concentrating and recovering the various metals must be investigated.
8. Removal of the undesirable arsenopyrite is a point in question. The expected efficiency and costs of recovery must be known before ore bodies can be outlined.
9. Zones carrying dominant tin-zinc, molybdenum-tungsten or copper-tin may be found on the property. This zonal arrangement might in part assist in solving the problems of paragraphs Nos. 7 and 8 above.
10. Sulphide-bearing exposures, talus with gossan sulphides and leached surfaces, widespread alteration, many geochemical and geophysical anomalies, a known mineralized fault zone, and numerous mineralized drill core intersections with values: these are the features suggesting that mineralized bodies of ore-making potential can be present on the property.

RECOMMENDATIONS

1. Investigate methods and costs of recovering the metals in the prospective ore bodies.
2. Continue to investigate the known mineralized zones by drilling.
3. Drill anomalies "C" "D" "E" "F" and "G".
4. Search for the source of the rich copper-tin float found near the drill camp. A limited copper soil survey northward from the discovery site might be of help.
5. Do not extend the induced polarization survey, until investigation of the anomalies shows, whether it is successful in deep water laden overburden.
6. If financial conditions necessitate the curtailment of expenditures, work on the investigation of the better grade zones such as found in hole #14.

ESTIMATE OF COST

| | |
|--|-------------|
| Ore dressing investigation..... | \$ 25,000. |
| 15,000 feet of drilling @ \$5.00..... | 75,000. |
| Assaying..... | 25,000. |
| Surveying prospecting and trenching..... | 5,000. |
| Administration and misc..... | 15,000. |
| | <hr/> |
| | \$ 145,000. |

31 August, 1960
McNab Township, (Arnprior)
Ontario.

(Signed) N. B. GILLIES, PH.D.
Geologist.

This report may not be published in part or in whole without the written permission of the writer.

CERTIFICATE

I, Norman Bain Gillies, of the Township of McNab, (Arnprior) Renfrew, County, in the Province of Ontario, do hereby certify that:

1. I am a Geologist residing in McNab Township, (Arnprior) Ontario;
2. I am a graduate in geology of Dalhousie University, with the degree of Bachelor of Science, and of McGill University with the degrees of Master of Science, and Doctor of Philosophy in Geology;
3. I am a member of the Canadian Institute of Mining and Metallurgy, and a fellow of the Geological Society of Canada. I have been practising my profession continuously since my first graduation in 1937, except for five years during the last war;
4. I have 1000 preferred and 10,000 common shares of Mount Pleasant Mines Limited, which were bought at the market price, through a broker. I do not expect to receive any stock or interest from the Company in payment for this report.
5. The statements made in this report are based on a personal examination of the Mount Pleasant Mines Limited property, and reports of previous investigators, submitted to me by officials of Mount Pleasant Mines Limited.

31 August, 1960,
McNab Township, (Arnprior)
Ontario.

(Signed) N. B. GILLIES, PH.D.

¹ The boundary of the group is shown on the General Geology Map on page 6A. The claim numbers are:—

Nos. 156831 to 156900 incl.

Nos. 164291 to 164300 incl.

Nos. 155951 to 155960 incl.

Nos. 164411 to 164420 incl.

² "The Mount Pleasant Base Metal Prospect"; dated 3rd of May, 1959.

³ All bearings given in this report are magnetic. The local declination is around 22.5° west of north.

⁴ Geological Survey of Canada: Map No. 910A.

⁵ "McDougall Lake Map Area, Charlotte Co., N.B.", by W. M. Tupper, 1959, P.M. 59-2, N.B. Dept. of Mines.

⁶ Report in Company files dated 15 Nov. 1959, by M. Tremblay.

⁷ stannite type mineral.

⁸ Exploration Progress Report, December 14, 1959: by M. Tremblay.

⁹ Verbal communication with Dr. J. E. Riddell.

¹⁰ The prices used in calculating the values were:—

Tin \$1.00 lb.

Lead \$0.10 "

Zinc \$0.10 "

Copper \$0.30 "

Molybdenum as MoS₂ \$1.25 lb.

Tungsten as WO₃ \$0.87 "

¹¹ Spectrographic analysis.

MOUNT PLEASANT MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET AS AT JULY 31 1960

ASSETS

CURRENT ASSETS:

| | |
|---|--------------|
| Cash on hand and in bank..... | \$ 19,893.31 |
| Due by subscribers for 4,500 common shares..... | 876.66 |
| Sundry accounts receivable and advances..... | 705.17 |
| | <hr/> |
| | \$ 21,475.14 |

FIXED ASSETS:

| | |
|---|-----------|
| Equipment—at cost..... | \$ 395.00 |
| 80 Mining claims in the Township of Charlotte County, New Brunswick, acquired for 884,000 common shares of the Company at 10 cents per share and a cash consideration of \$1,600.00 (note 3)..... | 90,000.00 |
| 20 Mining claims staked by company west of above group..... | |
| | <hr/> |
| | 90,395.00 |

OTHER ASSETS:

| | |
|--|--------------|
| Incorporation and organization expenses..... | \$3,108.13 |
| Development expenses—schedule 2..... | 19,739.52 |
| Administrative expenses—schedule 2..... | 5,543.73 |
| | <hr/> |
| | 28,391.38 |
| | <hr/> |
| | \$140,261.52 |
| | <hr/> |

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

| | |
|---|------------|
| Accounts payable and accrued liabilities..... | \$1,267.25 |
|---|------------|

SHAREHOLDERS' EQUITY:

Capital stock authorized:

| | |
|--|---------------|
| 200,000 5% non-cumulative, redeemable preference shares of par value 50 cents each (note 1)..... | \$ 100,000.00 |
|--|---------------|

| | |
|---|------------|
| 5,000,000 common shares without par value, aggregate consideration not to exceed (note 2 and 2a)..... | 500,000.00 |
|---|------------|

\$ 600,000.00

Capital stock issued:

| | <i>For Cash</i> | <i>For Property</i> | <i>Total</i> |
|--------------------|-----------------|---------------------|--------------|
| Preference shares: | | | |
| 61,602 total..... | \$ 30,801.00 | \$ — | \$ 30,801.00 |

Common shares:

| | |
|----------------------|--------------|
| 884,000 shares | \$ 88,400.00 |
| 114,755 shares | \$ 19,793.27 |

998,755 total.....\$ 19,793.27 \$ 88,400.00 108,193.27

138,944.27

\$ 140,261.52

APPROVED ON BEHALF OF THE BOARD:

WILLIAM L. YOUNG

JOHN E. RIDDELL

} Directors

MOUNT PLEASANT MINES LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT JULY 31, 1960

- Note 1. The holders of the preference shares shall with respect to each share held by them be entitled to subscribe for 10 common shares at a price not to exceed 10 cents per common share, such right to expire 2 years after the first issue of the preference share to which the right attaches. Rights were outstanding on 60,102 issued preference shares at July 31, 1960.
- Note 2. Options on 25,000 common shares at 20 cents per share were outstanding at July 31, 1960, exercisable to December 31, 1961.
- Note 2(a) Supplementary letters patent have been obtained bearing a date of October 5, 1960, increasing the aggregate consideration for which the no par value common shares may be issued from \$500,000.00 to \$1,900,000.00.
- Note 3. An agreement has been entered into with Kennco Explorations, (Canada) Limited with respect to development of the Company's 80 mining claim group. Under the agreement the Company and Kennco Explorations, (Canada) Limited agree to expend \$7,500.00 each in the first stage of the development. As at July 31, 1960, each had expended \$6,033.32. Kennco Explorations, (Canada) Limited then further agrees to provide an additional \$32,500.00 and the Company agrees to expend an additional \$12,500.00 for a work program to November 30, 1961. The Company also gives to Kennco Explorations, (Canada) Limited the right to form a new public company to acquire the above-noted mining claims of Mount Pleasant Mines Limited, exercisable prior to November 30, 1961. Mount Pleasant Mines Limited, would receive a 30% interest in the new company in consideration for the transfer to the new company of the said mining claims.

SCHEDULE 2

MOUNT PLEASANT MINES LIMITED
STATEMENT OF DEVELOPMENT AND ADMINISTRATIVE EXPENSES DEFERRED
FROM THE INCEPTION OF THE COMPANY TO JULY 31, 1960

| | Balance June 30, 1959 | Expended July 1, 1959 to July 31, 1960 | Total to July 31, 1960 |
|--|--------------------------|---|---------------------------|
| DEVELOPMENT EXPENSES: | | | |
| Survey expenses..... | \$ 557.43 | \$6,281.10 | \$6,838.53 |
| Salaries and wages..... | — | 3,155.10 | 3,155.10 |
| Consulting fees..... | — | 775.00 | 775.00 |
| Assaying..... | — | 2,434.70 | 2,434.70 |
| Staking..... | — | 422.87 | 422.87 |
| Claim fees..... | — | 80.00 | 80.00 |
| Diamond drilling..... | — | 6,033.32 | 6,033.32 |
| Total..... | \$ 557.43 | \$19,182.09 | \$19,739.52 |
| ADMINISTRATIVE EXPENSES: | | | |
| Management fees..... | \$ — | \$2,187.97 | \$2,187.97 |
| Printing, stationery and office expenses..... | — | 305.77 | 305.77 |
| Professional fees..... | — | 1,160.00 | 1,160.00 |
| Publicity..... | — | 105.00 | 105.00 |
| Postage..... | — | 5.45 | 5.45 |
| Commission paid on preference share issue..... | — | 112.50 | 112.50 |
| Telephone and telegraph..... | — | 283.70 | 283.70 |
| Transfer agent fees..... | — | 194.79 | 194.79 |
| Travel general..... | — | 1,063.40 | 1,063.40 |
| U.S. exchange..... | — | 74.21 | 74.21 |
| Miscellaneous expenses..... | — | 50.94 | 50.94 |
| TOTAL..... | \$ — | \$5,543.73 | \$5,543.73 |

To the Shareholders,
Mount Pleasant Mines Limited,
OTTAWA, Ontario.

We have examined the balance sheet of Mount Pleasant Mines Limited as at July 31, 1960, and the statement of development and administrative expenses deferred from the inception of the company to July 31, 1960. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered applicable in the circumstances.

We report that in our opinion, the accompanying balance sheet and supporting statement of development and administrative expenses deferred present fairly the financial position of the Company as at July 31, 1960, in accordance with generally accepted accounting principles.

Ottawa, Ontario,
October 13, 1960.

ARTHUR A. CRAWLEY & Co.,
Chartered Accountants.

